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An Emergency Decision

ACTION by the federal government to cover one-half the pay list of 1,000 essential technicians employed by A. V. Roe (Canada) Ltd. for the next six months can only be in the nature of a one-time, emergency decision, but it can be defended on good grounds. The final action of the Dominion in cancelling the Arrow forward commitments led to the dismissal of some 14,000 men at the two Malton plants of the company. Among these were in the neighborhood of 2,500 skilled aircraft workers who had been nursed as a team by the aircraft firm in the pioneering production of what can still be considered the fastest jet fighter tested any where in the West up to now.

In short, the Avro interests brought into being a combination of skills and advanced training that once broken up could not be made available again to Canada. Finance Minister Fleming's announcement in the Commons that the government would share the payroll costs with the company up to a nucleus of 1,000 trained technicians for the next six months may have two immediate effects. Expert and advanced jet aircraft workers who inevitably would have drifted somewhere else can now be kept together as a team. In the same period the Avro concern may find some other project related to Canada's own defence production.

In the past the federal government has not gone that far directly in relation to the shipbuilding yards of the nation to retain special skills at home, but indirectly it has followed a course with a similar result in feeding out incidental tonnage contracts to major yards at the slack periods in their calendar. If, in the same fashion, the Dominion could have had a few CF105s to show for its underwriting at the end of the six months' period that would have been preferable. However as a stopgap ruling the government's gesture indicates that it has been impressed by the fact that at Malton there is something that should be preserved to the nation, and not dissipated by dollar stringency in defence plans.

Not Very Complimentary

EXTERNAL Affairs Minister Sidney Smith has not set the heather on fire since he took over the foreign affairs portfolio, perhaps because he serves under a dominant prime minister and prime ministers nowadays have taken this branch of governance considerably under their own wings. No foreign secretary, excepting Mr. Foster Dulles and that because of an ailing president, enjoys the stature or freedom of action of his predecessors of a decade or two ago. A foreign secretary is still a foreign secretary, however, and deserves some attention.

In his own legislative chamber, certainly, he should be able to count on a respectful hearing from the majority of MPs, especially when the first foreign policy debate of a session is in progress. Yet at Ottawa this week, out of a Commons membership of 265 seats, only a mere 78 MPs were at their desks to listen to Mr. Smith. Even more surprising was the absence of Prime Minister Diefenbaker and most members of his cabinet.

This could suggest that what Mr. Smith has to say on foreign affairs does not rank highly with his fellows of the cabinet. The small attendance implies that the House is not greatly concerned with foreign affairs, the most crucial problem of governance facing the world today. True it is that Canada can play only a lesser role in international matters, and true it is also that during the debate neither Mr. Smith nor Opposition Leader Lester Pearson offered much of a positive or helpful nature towards the unscrambling of current difficulties. It may be inescapable that Canada can do little of direct purpose and is forced to a negative attitude, but less timidity of declaration would at least put this nation on record with respect to its own feelings on many matters.

Even allowing for the limitations imposed on a lesser power compelled to be "prudent" lest it ruffle somebody else, foreign affairs should be of sufficient concern to warrant a much better show of interest than that displayed by the House of Commons this week. An attendance of less than one-third of the members on this occasion seems inexcusable, and was distinctly uncomplimentary to the external affairs minister. His status was not increased either by the absence of his chief ministerial colleagues.

'Blind' Landing Next

ALTHOUGH today's airliners fly in safety under conditions of zero visibility, schedules remain subject to interruption when weather closes in on the landing fields. Fog and dangerously low ceiling at airports are virtually the only factors which prevent the lines from operating with the regularity of surface transport. Aloft, an airliner may be flown completely "blind" with the aid of instruments, and now even navigated automatically by means of a British position-finding device which shows the pilot on a map precisely where the plane is throughout its flight, without any calculations on his part; but the human element must be brought back into play on landing.

Before very long, however, aircraft may be able to land blind with as much assurance as they now fly blind, and completely automatic approach and touch-down may become as commonplace as automatic pilotage. To United Kingdom scientists once again goes the credit for developments which already have made this possible; and as usual they have been modest about one of the more important achievements in the whole progress of aviation.

The disclosure that a successful method of blind landing is in an advanced stage of development was made in Montreal this week by Sir George Gardner, director of the Royal Aircraft Establishment, in an address to Silver Dart anniversary meeting of the Canadian Aeronautical Institute. Sir George reported that by means of an experimental unit more than 2,000 perfect landings had been made in all weathers, including fog, with the pilot performing merely the function of monitoring the behavior of the automatic landing equipment.

With characteristic caution the British designers still classify blind landing in the experimental stage, but it is noteworthy that both of Britain's most important airlines are making provision for the incorporation of automatic landing equipment in their new aircraft. So it looks as if the pilot of the future will be able to let "George" land the plane as well as fly it.

Interpreting the News

Soviet Stand Obscure

By ED SIMON
Canadian Press Staff Writer

THE widespread concern with which Khrushchev's Kremlin address was greeted by Western observers while the unsuspecting Macmillan toured a Russian atomic plant outside Moscow is a clear indication of their unspoken misgivings regarding the prime minister's Russian visit.

Khrushchev's oratory threw little new light on his attitude towards summit conferences, Berlin, the Middle East, the foreign ministers' meetings or inspection of nuclear installations. The only apparent novelty was the non-aggression pact.

In point of fact, Russia and Britain signed a treaty of friendship in 1942. Russia revoked it in 1955, and Macmillan himself proposed last year that it should be renewed.

Neville Chamberlain signed a similar pact with Adolf Hitler barely a year before the start of the Second World War. Germany and Russia concluded another in 1939, and began fighting in 1941. In short, a non-aggression pact by itself is no guarantee of peace, and its absence does not perceptibly increase the danger of war.

Macmillan's success in his private talks with the Russians depends less on the signing of documents than on preparation of the ground for removal of the underlying barrier of distrust between East and West.

If Khrushchev's revival of Russia's old complaints against the West provides a few talking points for the conferees, it may have made some contribution to their efforts. But it has not necessarily provided the atmosphere for their discussions.

Russia's premier is renowned for his abrupt change of pace in foreign relations, and is capable of denouncing the West in public on Tuesday, and amiably conceding a point or two to a British prime minister in private on Wednesday.

"I wouldn't mind fishing them out if they'd just stop chucking them in."

Needs and Wants

Definition of Economics

By LEWIS MILLIGAN

ARITHMETIC was my pet aversion at school. I entirely agreed with the writer of that old rhyme:

Multiplication is vexation,
Division is as bad;
The Rule of Three doth puzzle me,
And Practice drives me mad.

The very sight of a column of figures made me drowsy, and the mere mention of economics could put me into a sound sleep.

With this apology to the reader I am venturing into the realm of economics; and if what I have to say is not clear and convincing, it may be explained by the probability that I am talking in my sleep.

* * *

The best and briefest definition of economics that I have come across is as follows: "The study of the supplying of a man's physical needs and wants." It is brief and yet all-inclusive. If economics were confined solely to the supplying of man's physical needs it would be much simpler and might be an exact science like mathematics, for man's physical needs under certain conditions can be estimated and supplied. In Central Africa, for instance, there is no need for economics where the natives live on bananas and other wild-growing vegetation, build their own kralls of rushes, wear no clothes and do not need television sets for entertainment, which is provided for them free in the form of war-dances in the open air.

Economics originated in colder countries when man found that he could not live without working regularly for his physical needs. He needed a substantial home and clothing for protection against the weather and something more than wild vegetation for his sustenance. He had to cultivate the soil, sow seed in season, breed cattle and store his products for the winter.

Thus man developed an elementary economy to provide for his domestic needs. If the process had stopped there, all might have been well. But man became socially conscious and had to form some sort of ordered society, and he developed what we now call a political economy. He was not satisfied with his bare needs, he developed wants.

* * *

It is the multiplication of these wants that has bedeviled our political economy today. We call it inflation. There is no remedy for that condition other than the cutting down of those wants or the building up of the means of providing them at prices we can afford to pay. In Soviet Russia they have solved the problem by eliminating the wants in accordance with the Marxian doctrine of "To every man according to his need."

On the face of it, that seems a simple solution, but its application under conditions of advanced civilization and scientific progress is not so simple, because wants have become absolute needs for the maintenance of our standard and way of living.

The question arises as to whether we can go on indefinitely wanting more and more without running into debt and thus devaluing the purchasing power of the dollar. The economist's answer to that question is "no." He would tell us that we are living beyond our means, and that we must cut down our wants according to our ability and willingness to work and pay for them.

Gerald Waring

Reports from Ottawa

IT WILL be ironical if the government becomes a victim of the nationalistic feelings that Conservative promises and policies encouraged in the last two election campaigns.

This possibility is raised not merely by the reaction of voters in the aircraft industry to cancellation of the CF-105 jet interceptor program—reaction expressed in words like "Diefenbaker sold us down the river to the Americans."

There are tens of thousands of aircraft workers, and perhaps many of them feel the government has betrayed them. But other persons not personally involved, able to take a more detached view, see in the government's action a surrender of the last major area of military self-reliance.

Official statements in Ottawa and Washington emphasize that Canada is a partner and ally of the U.S. in the defence of this continent. But a good many thoughtful Canadians wondering if Canada can indeed retain its partnership in the new circumstances. Or whether the prospective unhorsing of the RCAF will not reduce Canada to the status of a military appendage to the U.S. The thought—and the political implications—rasp nationalistic pride.

* * *

The big question: what now?

Will Canada's air defences henceforth be merely two Bomarc missile bases installed—one in Quebec, the other in Ontario—at American insistence to protect the eastern U.S. and the USAF's Strategic Air Command? Plus nine—and perhaps progressively fewer—squadrons of obsolete CF-100s.

Will USAF fighter squadrons take up positions on Canadian soil, relegating the RCAF to transport, radar and anti-submarine duties?

Will the RCAF's status as an equal partner in the North American Air Defence Command be chopped down to conform to the RCAF's prospective reduced role in continental defence?

Indeed, can we expect that in two or three or five years our cities outside the Montreal-Ottawa-Toronto triangle will have any effective defences against Russian nuclear bombers? Any assurance that in case of massive aerial assault, USAF interceptors would not leave Canadian cities to fend for themselves while they concentrated on defending U.S. cities?

* * *

Both Prime Minister Diefenbaker and Defence Minister Pearkes emphasized that the threat of attack by manned bombers had diminished. They said this is the main reason for scrapping the CF-105.

If their assessment of the military situation is sound, if the bomber threat has diminished substantially, if our total defence potential is likely to be strengthened by putting much less of the defence dollar at the disposal of the air force and relatively more at the disposal of the army and navy (which is the gist of Pearkes' argument in the Commons on Monday), then the government's decision was the correct one.

However, the government's assessment of the military situation seems to be on a tangent from the most strongly expressed opinions of the RCAF, of NORAD Deputy Commander Slemon, and of U.S. air generals and service chiefs—opinions that we shall need manned interceptors as well as missiles "for as long as we can foresee."

* * *

An alternative to the CF-105 is that the government could buy the latest U.S. interceptors for the RCAF, to replace the aging CF-100. Pearkes' speech did not encourage such speculation.

Thus the demise of the CF-105 Arrow remains both a military and an economic issue. And it could become, in a political sense, an albatross around the neck of the man who led millions to believe that "Follow John" meant to set one's foot on a road towards sturdy independence of the U.S.A.

The Packsack

Too Many Relatives

By GREGORY CLARK

THREE times I called my old friend Pete, with whom I used to have lunch two or three times a week, and left word for him to call me. All I wanted was to have lunch with him. Because for the past year or so it has been hard to get him. Why, we haven't had lunch once a month since 1957.

Each time, I told whoever answered the phone to have Pete call me back. He never did. (Pete's the sort of man who is never available at the moment. He is in conference.)

Now, he is the boss. He is the head man. Each time I told the girl, and it was always a different girl, that I had left my number on previous occasions, without results. And would she please . . ?

Finally, yesterday, instead of phoning, I dropped in at Pete's office, a busy place, full of people intent upon what they are doing, whatever it is. Not much interested in callers.

And there was Pete, as ready for lunch as could be.

I told him about my repeated telephone calls to him. He had never got any of them. He had begun to wonder if I was sore at him.

"Ach!" he said, making a grimace as if an ulcer had given him a pang. "I've got an office full of relatives. They're all relatives of mine or of my wife, or of my former partner. It's like a family gathering. The place is going to pot."

A boss does not receive the attention and respect to which he is entitled if his employees are all nieces, nephews and uncles.

Competitive Trade

IT'S a good dozen years since the last world war ended and almost a score since the start of hostilities first channeled trade into the restricted confines of a wartime economy. During that long period a whole generation of businessmen has matured who have not been schooled to the hard knocks and rough competition of international trade. In a world where almost all goods were in short supply, selling posed no problems.

But things are different now—the wartime shortages, the need for goods and supplies to rehabilitate the war-ravaged countries have been amply filled, and the selling countries have to overcome stiff competition to move their products in the world's markets.

It is a situation that we had better learn to live with.

NORTHERN MINER.

Washington Angle

U.S. Outlook Clouded

By DAVID LAWRENCE

LOTS of members of Congress are making speeches these days to the wrong audience.

Many of the Democrats, and even some Republicans, are deriding a balanced budget and talking about "growth" through bigger and bigger spending by government. But this time the politicians are barking up the wrong tree. They may be convincing those of their constituents who think they are going to be the beneficiaries of the bigger spending, but it is the investors who remain unconvinced and scared. For the treasury is up against a crisis in refunding its maturing bonds. Investors are seeking refuge in the stock market, which is recording new high marks.

Ever since the election last November, investors have been growing increasingly worried about what the Democratic Party, with its overwhelming control of Congress, might do to the fiscal condition of the United States. Also, many industrial leaders have held up their expansion plans. Unemployment has not been materially reduced, largely because of the failure of the heavy-goods industries to come back. This is in part due to the uncertainty about interest rates on borrowings and to the threatening rise in labor costs. For, while there is a good deal of pious talk here about proposed legislation to check abuses in the labor field, not much of anything is really going to be done by a labor-controlled Congress to remove the monopoly power from the national unions.

* * *

The outlook for the heavy-goods industries is clouded when it should be booming. Psychological factors are holding up the fulfillment of many plans for plant expansion that were completed months ago. This is the "growth" that should be encouraged instead of discouraged.

Congress has failed to come to grips with the crisis. Many of its so-called "liberals" think the answer lies in bigger and bigger deficits and that it doesn't matter whether the budget is balanced or not. But the speeches along that line from Capitol Hill are scaring the investors away from bonds and fixed-interest securities.

While some of the speeches in Congress make headlines that can mislead millions of voters — so many of whom are partisanly inclined anyhow — the investors of the country cannot be influenced by anything except sound economics and solid facts. Here, for example, is an extract from the Feb. 14 news letter of the Whaley-Eaton Service, a non-political weekly published in Washington for many years and read regularly by the very men who handle funds in the financial and business institutions of the country:

"The flight from government bonds is more ominous than most Washington officials care to admit publicly. Several recent treasury financing operations have failed badly. As a result, the treasury is being forced to run faster and faster merely to keep up with its maturities. The fact is that the richest nation in the world is now operating on a hand-to-mouth basis.

* * *

"The effect of all this seems utterly lost on advocates of dynamic new spending programs to speed business expansion, eliminate unemployment. The treasury cannot spend more money than it gets through taxes and government-security issues. Yet professional and naive investors both now distrust the latter. This means recourse to financing through the banks, which increases money supply and is directly inflationary . . .

"Restoration of faith in the dollar requires facing up to the treasury's dilemma. But that is something Congress seems unprepared to do."

Another penetrating comment comes from Aubrey Lanston, head of one of the best-known firms in New York that deal in government securities:

"I think it can be demonstrated that a close interaction has slowly but persistently developed between what goes on in the government security market and what goes on in Congress regarding proposed and actual federal spending and in the budget . . .

"It is going to be difficult indeed for the treasury to do much financing outside of the banks. Such a prospect carries with it the usual inflationary connotations. Therefore, if Congress elects to spend money over and above the $77,000,000,000 proposed by the president—for whatever purposes—the future inflationary potential will be enlarged."

These quotations are typical of what financial men everywhere are saying. They have been frightened by Congress and by the speeches which seem to argue that two and two can make five any time the government says so.